

# **COUNCIL OF MINISTERS of SECURITIES REGULATION**

## **COMMUNIQUE September 28, 2009**

### **Five Years of Successful Securities Regulatory Reform**

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Today marks a historic milestone in the commitment by the Council of Ministers of Securities Regulation to ongoing reform of the Canadian securities regulatory system - the implementation of a new Canada-wide registration regime and a streamlined process for dealer and adviser registration in multiple jurisdictions. September also marks the five-year anniversary of the establishment of the Council by 12 Canadian jurisdictions and its strong commitment to meaningful and effective regulatory reform.

The new registration regime and streamlined process completes the implementation of the passport system in all Canadian jurisdictions except Ontario. The passport system is built on highly harmonized legislation passed by the passport jurisdictions and complementary national rules developed by all provincial and territorial regulators (collectively referred to as the CSA).

The passport system provides a single window of access to Canada's capital markets for domestic and foreign issuers and is a "mutual recognition" system – the same type of system being suggested as the basis for free trade in securities with the U.S. and other G-7 countries.

The move to a fully operational system in 2009 is the result of unprecedented levels of co-ordination and consensus among provincial and territorial governments and the CSA to streamline and improve securities regulation across Canada, as evidenced by the volume of complementary legislative and regulatory reforms undertaken over the past five years.

With the co-operation of the CSA, the Council has achieved its key commitment to establish a single window of access to Canada's capital markets through the passport system.

"We have created a national system of securities regulation for Canada and we are confident that we can continue to improve the Canadian securities regulatory system, while maintaining a high standard of investor protection across Canada" said Alberta Finance and Enterprise Minister Iris Evans, new interim chair of the Council. "This will ensure not only that Canada remains competitive in the global marketplace but among the leaders in securities regulation."

In order to extend the benefits of a single window of access to all Canadian market participants, the Council demonstrated its goodwill in June 2007 by implementing an interface mechanism for Ontario-based market participants. Together with the Ontario interface, the passport system enables market participants to clear a prospectus, obtain a discretionary exemption and register as a dealer or adviser, by obtaining a decision from the securities regulator in their home province or territory and having that decision apply across Canada.

Registration is the last significant area of securities regulation to be modernized, harmonized and streamlined. There are currently 2,000 firms and 130,000 individuals registered to deal or advise in securities in Canada. The new rules recognize that the new registration regime must accommodate a wide variety of business models, range of operations, clients and products.

The Council and the CSA remain committed to looking for additional ways to improve the Canadian securities regulatory system. These improvements will maintain Canada's competitiveness in the global marketplace. International assessments have consistently ranked Canada's securities regulatory system as one of the best in the world. In 2006, Canada's securities regulatory system was ranked second in the world by the Organization for Economic Co-operation and Development, behind New Zealand and ahead of the United States, the United Kingdom and 25 other countries. For the last five years (2006-2010), the World Bank *Doing Business* reports have consistently ranked Canada as one of the top five countries for protecting investors, tied with the United States and ahead of the United Kingdom.

The Council includes Ministers from Québec, Nova Scotia, New Brunswick, Manitoba, British Columbia, Prince Edward Island, Saskatchewan, Alberta, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut.

The Council's goal is to maintain an enhanced provincial/territorial framework that inspires investor confidence and supports competitiveness, innovation and growth through efficient, streamlined and cost-effective securities regulation that is simple to use for investors and other market participants.